

UTAH DISTRICT NEWSLETTER

April 2009

INSIDE THIS ISSUE:

<i>Implementation of Section 502—90% Loan Guaranty</i>	1
<i>Implementation of Section 501—Fee Elimination</i>	2
<i>The Women's Business Center's, Heather Fountaine</i>	3
<i>Employee Spotlight - Steve Price</i>	3
<i>Recovery Act Gives SBA Tools to Boost Small Business</i>	4

Save The Date:

WBC - Business Essentials
April 2 - 8:30am to 10am
Salt Lake Chamber
175 East 400 South Suite #600

WBC - New Client Orientation
April 2 - 4pm to 5pm
Salt Lake Chamber
175 East 400 South Suite #600

SBDC - Financial Essentials
April 2 - 6:00pm to 9:00 pm
SLCC Miller Campus
9750 South 300 West Bldg.
MPDC

SBDC - Managing a Business
April 8 - 6:00pm to 9:00pm
SLCC Miller Campus
9750 South 300 West Bldg.

Helping small businesses
start, grow and succeed.



Your Small Business Resource

IMPLEMENTATION OF SECTION 502 OF THE RECOVERY ACT- UP TO A 90 PERCENT GUARANTY ON 7(A) LOANS

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") (P.L. 111-5). Section 502 of the Recovery Act authorizes SBA to guarantee up to 90 percent of a 7(a) loan except for SBA Express. SBA Express remains at a 50 percent guaranty. The purpose of this Notice is to announce the implementation of the increased guaranty percentage on eligible 7(a) loans. A notice on this subject will also be published in the Federal Register.

Prior to the signing of the Recovery Act, with two exceptions, the maximum guaranty percentage for all 7(a) loan programs, including Pilot Loan Programs, ranged from 85 percent for loans of \$150,000 or less to 75 percent for loans greater than \$150,000. (13 CFR Part 120) (For SBA Express loans, the maximum guaranty is 50 percent. For EWCP loans, Section 7(a)(2)(D) of the Small Business Act permits a 90 percent guaranty.)

Guaranty Percentage and Loan Amount

As of the date of this Notice, a Lender may request up to a 90

percent guaranty for a 7(a) loan submitted under the following programs (see chart below)

The Recovery Act did not change the maximum SBA guaranteed amount which remains at \$1,500,000. Therefore, for those loan programs that have a maximum loan amount greater than \$500,000 (Standard 7(a), CLP, and PLP), in order for the loan to receive a 90 percent guaranty, the loan amount cannot exceed \$1,666,666 (\$1,500,000 divided by 90 percent).

For loans greater than \$1,666,666, the maximum guaranty will be calculated as follows: \$1,500,000 (SBA guaranteed amount) divided by the loan amount rounded down to the second decimal. For example, if the loan amount is \$1,680,000, then the guaranty percentage would be \$1,500,000 divided by \$1,680,000, which equals 89.2857 percent, rounded down to 89.28 percent.

For loans to borrowers with existing SBA-guaranteed loans, the new loan will also have a guaranty percentage less than 90 percent when necessary to

comply with the Small Business Act's limitation of no more than \$1,500,000 in guaranteed amount to one borrower (including affiliates). (Section 7(a)(2)(D)(3) of the Small Business Act provides a higher maximum guaranteed amount for certain loans used for export purposes.)

Prohibition on Use of Funds

Section 1604 of the Recovery Act states that none of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool. Further guidance will be issued on this subject in the near future.

For loans for these Recovery Act prohibited uses, lenders may continue to submit applications in accordance with SOP 50 10 5(A) for the maximum guaranty percentage of 75/85, depending on the loan amount, and pay all applicable fees.

(Please see **90 Percent Guaranty** page 3)

Loan Program	Maximum Loan Amount.	Maximum Guarantee Amount
Standard 7(a)	\$2,000,000	\$1,500,000
CLP	\$2,000,000	\$1,500,000
PLP	\$2,000,000	\$1,500,000
Small/Rural Lender Advantage	\$ 350,000	\$ 315,000
Community Express	\$ 250,000	\$ 225,000
Patriot Express	\$ 500,000	\$ 450,000
Export Express	\$ 250,000	\$ 225,000
Gulf Opportunity	\$ 150,000	\$ 135,000

Implementation of Section 501 of the Recovery Act-Fee Elimination Provisions

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 the "Recovery Act" (P.L. 111-5). Section 501 of the Recovery Act authorizes SBA to reduce or eliminate certain fees on 7(a) and 504 loans. The purpose of this Notice is to announce the implementation of fee eliminations in the 7(a) Loan Program and the 504 Development Company Program. A notice on this subject will also be published in the Federal Register.

Fee Eliminations

7(a) Loan Guarantee Fee Eliminations: For 7(a) loans approved by SBA on or after February 17, 2009, SBA will temporarily eliminate the Small Business Act section 7(a)(18) (A) fees (upfront guaranty fees) for all eligible loans, including those made with higher SBA guarantees (up to 90%) as provided in section 502 of the Recovery Act. For eligible loans approved between February 17, 2009 and the date of this notice, the Agency will make funds available to refund payments for these fees. The Agency is developing a refund mechanism. SBA expects to be able to begin issuing refunds by approximately May 1, 2009. If borrowers have already paid lenders for the fee on eligible loans, lenders must reimburse the borrowers from the SBA refund.

Consistent with the prioritization for fee eliminations or reductions in the Recovery Act, the on-going guaranty fee set forth in section 7(a)(23) of the Small Business Act will continue to apply. In addition, SBA's ¼ point guaranty fee set forth in 13 CFR 120.220(a) for loans with maturities of 12 months or less will continue to apply.

SBA will eliminate upfront guaranty fees until the aggregate dollar amount of 7(a) loans made under this author-

ity exhausts the funds dedicated to that purpose. SBA currently estimates that program level will be approximately \$8.7 billion. Depending on loan volume in the 7(a) program, SBA estimates that it will be able to eliminate upfront guarantee fees on loans approved through approximately December 31, 2009.

504 Development Company Program Fee Eliminations:

For eligible loans approved through the Agency's section 504 Development Company Program on or after February 17, 2009, SBA will temporarily eliminate two program fees: 1) Third-Party Participation Fees (Small Business Investment Act Section 503(d)(2) fees codified at 13 CFR 120.972); and 2) CDC Processing Fees (13 CFR Section 120.971(a)(1) fees). Consistent with the Recovery Act's temporary elimination of CDC Processing Fees, CDCs will no longer be allowed to collect deposits from small business applicants that would have gone towards payment of the CDC Processing Fee upon loan approval under 13 CFR 120.935. SBA will reimburse the CDCs for the waived CDC Processing Fees.

SBA will pay CDCs two-thirds of the estimated CDC Processing Fee at the time of loan approval by SBA or upon the issuance of a loan number for a loan approved under the Premier Certified Lenders Program. The remainder of the fee will be paid immediately following debenture funding and will be equal to 1.5% of net debenture proceeds for which a CDC does not collect the CDC Processing Fee, minus the amount previously paid. If a borrower has already paid a CDC for the fee, the CDC must reimburse the borrower from the SBA refund. SBA will not permit

CDCs to cancel loans approved by SBA prior to February 17th, 2009 and resubmit them in order to qualify for the reimbursement of the processing fee. If the Participation Fee has already been paid to SBA on an eligible loan, SBA will refund the fee.

SBA will eliminate the Participation Fee and the CDC Processing Fee until the aggregate dollar amount of 504 loans made under this authority exhausts the funds dedicated to that purpose. SBA currently estimates that program level will be approximately \$3.6 billion. Depending on loan volume in the 504 program, SBA estimates that it will be able to eliminate these fees on loans approved through approximately December 31, 2009.

Prohibition on Use of Funds

Section 1604 of the Recovery Act states that none of the funds appropriated or otherwise made available in this Act may be used by any State or local government, or any private entity, for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool. Further guidance will be issued on this subject in the near future.

For loans for these Recovery Act prohibited uses, lenders and CDCs may continue to submit applications in accordance with SOP 50 10 5(A) and all applicable fees will apply.

Additional Requirements

The provisions of the Small Business Act and the Small Business Investment Act applicable to the 7(a) and 504 programs and the regulations promulgated thereunder will continue to apply to loans made under the Recovery Act.

Lenders, CDCs and/or borrowers may be subject to additional reporting or recordkeeping requirements in connection with loans under the Recovery Act.

Save The Date:

SCORE – How to Start & Operate A New Business

April 15 – 8:30am to 4:30pm
SL County Complex
2001 South State St. South Bldg.
Room 2600

WBC – New Client Orientation

April 16 – 9am to 10am
Salt Lake Chamber
175 East 400 South Suite #600

SBDC – QuickBooks (Beginning)

April 20 – 5:30pm to 8:30pm
SLCC Miller Campus
9750 South 300 West Bldg. MPDC

WBC – Women's Business Forum

April 21 – 11:30am to 1:00pm
Hotel Monaco
15 West 200 South

WBC – Business Essentials

April 22 – 3:30pm to 5:00pm
Salt Lake Chamber
175 East 400 South Suite #600

SBDC – Small Business

Tax Workshop
April 23 – 8:00am to 5:00pm
SLCC Miller Campus
9750 South 300 West Bldg. MPDC

SBDC – QuickBooks (Intermediate)

April 27 – 5:30pm to 8:30pm
SLCC Miller Campus
9750 South 300 West Bldg. MPDC

SBA 8(a) Workshop

April 28 – 10am to Noon
Federal Building
Room 2222
125 South State Street

Helping small businesses
start, grow and succeed.



Your Small Business Resource

90 PERCENT GUARANTY (CONTINUED FROM PAGE 1)

Additional Requirement for the Increased Guaranty

The Recovery Act requires that the Borrower meet an additional requirement for the increased guaranty: No loan guarantee under this initiative may be made to any entity found, based on a determination by the Secretary of Homeland Security or the Attorney General, to have engaged in a pattern or practice of hiring, recruiting or referring for a fee, for employment in the United States an alien knowing the person is an unauthorized alien. Therefore, prior to first disbursement, the Lender must require the Borrower and any Operating Company to certify as follows:

Immigration Laws

Neither the Borrower nor Operating Company has been determined by the Secretary of Homeland Security or the Attorney General to have engaged in a pattern or practice of hiring an alien, recruiting an alien or

referring an alien for a fee for employment in the United States, knowing that the person is an unauthorized alien.

Version 2009.2 of the 7(a) Loan Authorization, which will be available shortly, will incorporate this certification for standard 7(a), CLP, PLP and Small/Rural Lender Advantage loans. For any Pilot Loan Program loans, the lender will be responsible for adding this requirement to the lender's authorization. This certification is in addition to the existing disclosure requirement on SBA Form 912, Statement of Personal History.

Lenders and/or borrowers may be subject to additional reporting or recordkeeping requirements in connection with loans under the Recovery Act.

Submission Process

There will be no change to the submission process. E-tran submission is strongly encouraged for all

loans processed under a lender's delegated authority. The provisions of the Small Business Act applicable to the 7(a) program and the regulations promulgated thereunder will continue to apply to loans with the higher guaranty percentage.

Expiration Date

The increased guaranty percentage of up to 90 percent is offered in conjunction with the fee eliminations announced today. These terms will be available until the aggregate dollar amount of 7(a) loans made under this authority exhausts the funds dedicated to that purpose. We currently estimate that program level will be approximately \$8.7 billion. Depending on loan volume in the 7(a) program, SBA estimates that the increased guaranty percentage will be available through approximately December 31, 2009



THE WOMEN'S BUSINESS CENTER'S HEATHER FOUNTAINE

Heather Fountaine is the training specialist of the Salt Lake Chamber's Women's Business Center. Heather creates, manages, and promotes the various trainings and events at the Women's Business Center. Heather's focus is to expand the programs offered at the WBC, ensure the quality of programs and services, and maintain the services provided to the Women's Business Center clients.

Heather also involves herself with local charities in the community through her own business, H* Art Dance Company. Heather received her bachelors in Speech Communication from the University of Utah. She has a passion for art, sports, travel, and community. Heather spends most of her spare time choreographing and teaching dances to local youth.



Heather Fountaine

EMPLOYEE SPOTLIGHT—STEVE PRICE

Steve Price has worked at SBA since 1986. He has worked in the finance programs, business development, and the 8(a) area. He is currently the Deputy District Director assisting in overseeing all SBA's programs in Utah.

Prior to SBA Steve worked in the private sector with Iomega Corporation, Flying J Oil Inc, Meridian Publishing Company, as well as many

other odd jobs. He graduated from Weber State University in Business Administration.

Steve has 4 children, enjoys summer trips at the cabin in Montana, and whenever possible "beach" time at any tropical location. Steve enjoys working at SBA, trying to help small businesses and spending time with all of his great co-workers.



Steve Price, DDD



**2009 - Utah
Small Business
Awards Luncheon
Joseph Smith
Memorial Bldg.
Monday, May 4, 2009
11:45am to 1:30pm**

*Meet...Heather
Fountaine of the
Women's Business
Center*

Save The Date:

SCORE
Small Business
Speed Coaching
Wednesday,
May 6, 2009
7:30am to 1:00pm
Sheraton Hotel
150 West 500 South
Salt Lake City, Utah

Recovery Act Gives SBA Tools to Boost Small Businesses

By Stan Nakano, SBA's Utah District Director

The Administration is taking actions to make a big dent in the small business credit crunch by offering new incentives to small business borrowers and lenders through the American Recovery and Reinvestment Act and Department of Treasury actions.

With tax incentives and steps to encourage lending, the Recovery Act recognizes that small businesses are part of the solution to getting our economy moving again. The bill's primary goals for the U.S. Small Business Administration are jump-starting job creation, re-starting lending, and promoting investment in small businesses.

The Recovery Act provides entrepreneurs and lenders financial relief from the current economic crisis that will help encourage borrowing and lending to all small businesses, including start-ups.

For small businesses, the Recovery Act temporarily eliminates SBA guaranteed 7(a) and 504 loan fees and offers tax credits. For lenders, it temporarily eliminates 504 loan fees. The fee eliminations are retroactive to February 17, the day the Recovery Act was signed. SBA is developing a mechanism for refunding fees paid on loans since then.

The Act also supports guarantees of up to 90 percent on most types of 7(a) loans to qualified small businesses. The temporary loan fee eliminations and 90 percent guarantee provisions will apply to approximately \$8.7 billion in 7(a) loans and \$3.6 billion in 504 loans. SBA estimates this will cover lending in both programs through calendar year 2009.

In addition, the Treasury Department will commit up to \$15 billion in TARP funds to help unfreeze the small business lending market, which will particularly benefit community banks, credit unions and other small lenders.

Treasury will purchase existing and new SBA-backed loans made by banks, freeing up more capital so these banks can restart SBA-backed lending to local small businesses. This is yet another step in President Obama's plan to assist small businesses during this economic crisis.

SBA staff is working hard to implement the rest of the Recovery Act's programs for small businesses. There are a lot of moving parts, but our aim is put these programs in place as quickly and effectively as we can so they have the broadest and most rapid effect possible on small business credit markets.

The Act provides SBA with \$730 million in total funding. This includes \$375 million to cover the costs of temporarily eliminating loan fees and raising guarantee limits on some loans; extra funding for SBA-backed Microlenders; and \$255 million for a new loan program to help viable small businesses with immediate economic hardship make payments on existing loans.

The Recovery Act also authorizes SBA to use its 504 program to refinance existing loans for fixed assets as part of a business expansion project; to use its guarantee authority to establish a secondary market for bank loans made under the 504 loan program; and to make loans to broker-dealers who buy SBA-backed loans from lenders and pool them for sale to investors on the secondary loan market.

Also under the Act, small businesses that need surety bonds to compete for construction and service contracts can qualify for SBA-backed surety bonds of up to \$5 million, more than double the previous \$2 million maximum.

Another element of the Recovery Act that is already in place is SBA's Microloan program. These non-profit, community-based lenders make loans of up to \$35,000 to

small businesses and start-ups. Because this program is already operating, you can go to a Microlender today and apply for a loan. The Act funds \$50 million in new loans by these Microlenders, plus \$24 million to help pay for the technical assistance and training they provide to loan applicants.

We have already seen significant interest in a new program, America's Recovery Capital, or ARC Stabilization Loans, by lenders and small businesses alike. Once in place, this temporary new program will offer deferred-payment loans of up to \$35,000 to viable small businesses that need help making payments on an existing, qualifying loan for up to six months. These loans will be 100 percent guaranteed by SBA. Repayment would not have to begin until 12 months after the loan is fully disbursed, giving small businesses time to re-focus their business plans in order to succeed in the long run.

The bill helps SBA-licensed Small Business Investment Companies by raising the level of SBA funding they can receive to make venture capital investments in small businesses. It also raises the percentage of their investments that must be made in smaller businesses from 20 percent to 25 percent.

Finally, I want to emphasize that all of SBA's existing programs are open for business – we are backing loans, and providing technical assistance, training, and contract help to entrepreneurs every day.

In short, SBA is working overtime to get these provisions in place to begin knocking down the obstacles that are keeping credit from flowing to small business entrepreneurs, whose proven ability to create new jobs and commerce is second to none, and in whose hands the next phase of our economic recovery rests.

LENDER	March Loan Numbers	March Total Dollars	YTD Loan Numbers	YTD Dollars
AMERICA FIRST FCU	18	\$550,000	51	\$1,617,000
AMERICA WEST BANK	0	0	2	\$2,367,300
AMERICAN BANK OF COMMERCE D/B/A AMBANK	0	0	0	0
AMERICANWEST BANK	0	0	11	\$2,141,000
BANCO POPULAR NORTH AMERICA	0	0	8	\$2,795,100
BANK OF AMERICA, NATIONAL ASSOCIATION	0	0	0	0
BANK OF AMERICAN FORK	3	\$473,800	9	\$2,006,300
BANK OF THE WEST	0	0	1	\$335,000
BANK OF UTAH	3	\$843,800	10	\$2,499,700
BARNES BANKING COMPANY	0	0	1	\$500,000
BEACH BUSINESS BANK	0	0	1	\$975,000
BEEHIVE CU	6	\$205,000	20	\$683,000
BRIGHTON BANK	0	0	2	\$205,000
CACHE VALLEY BANK	0	0	0	0
CAPITAL COMMUNITY BANK	0	0	0	0
CAPITAL ONE BANK (USA), NATIONAL ASSOCIATION	0	0	0	0
CAPITAL ONE, NATIONAL ASSOCIATION	0	0	0	0
CELTIC BANK CORPORATION	4	\$2,340,000	33	\$13,481,600
CENTENNIAL BANK	1	\$700,000	1	\$700,000
CENTRAL BANK	3	\$260,000	6	\$525,100
CIT SMALL BUSINESS LENDING CORPORATION	0	0	0	0
COMERICA BANK	0	0	0	0
COMMUNITY WEST BANK	0	0	1	\$375,000
COMPASS BANK	0	0	2	\$1,122,000
CONTINENTAL BANK	0	0	0	0
CYPRUS FCU	0	0	8	\$340,000
DESERET FIRST FCU	1	\$15,000	20	\$790,700
FIRST COMMUNITY BANK	0	0	0	0
FIRST UTAH BANK	2	\$225,000	3	\$295,000
FRONTIER BANK, FSB	0	0	6	\$815,000
GOLDENWEST FCU	5	\$125,000	17	\$540,000
GRAND VALLEY BANK	0	0	1	\$115,100
GRANITE FCU	1	\$30,000	4	\$140,000
HERITAGEWEST FCU	2	\$70,000	16	\$665,000
HORIZON UTAH FCU D/B/A HORIZON CU	3	\$95,000	7	\$185,000
INNOVATIVE BANK	0	0	0	0
IRWIN UNION BANK AND TRUST COMPANY	0	0	0	0
JORDAN FCU	1	\$35,000	17	\$585,200
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	0	0	2	\$72,200
KEYBANK NATIONAL ASSOCIATION	5	\$876,600	13	\$2,384,200
LEHMAN BROTHERS BANK, FSB	0	0	0	0
MOUNTAIN AMERICA FCU	45	\$1,542,100	303	\$12,002,200
MOUNTAIN WEST BANK	1	\$134,800	2	\$341,800
MOUNTAIN WEST SMALL BUSINESS FINANCE	10	\$5,164,000	56	\$24,771,000
NEVADA COMMERCE BANK	1	\$2,000,000	2	\$3,272,000
PNC BANK, NATIONAL ASSOCIATION	0	0	0	0
PRIME ALLIANCE BANK	0	0	0	0
SAEHAN BANK	0	0	0	0
SOUTHWEST COMMUNITY FCU	0	0	2	\$35,000
STATE BANK OF SOUTHERN UTAH	1	\$147,000	5	\$692,700
SUNFIRST BANK	0	0	0	0
SUPERIOR FINANCIAL GROUP, LLC	2	\$15,000	5	\$52,500
TEMECULA VALLEY BANK	0	0	1	\$610,000
THE FIRST NATIONAL BANK OF LAYTON	0	0	3	\$643,000
THE HUNTINGTON NATIONAL BANK	0	0	2	\$522,000
THE VILLAGE BANK	0	0	0	0

LENDER	March Loan Numbers	March Total Dollars	YTD Loan Numbers	YTD Dollars
U.S. BANK NATIONAL ASSOCIATION	2	\$75,000	19	\$2,370,000
UNITED MIDWEST SAVINGS BANK	0	0	0	0
UNITED WESTERN BANK	0	0	0	0
UNIVERSITY OF UTAH FCU	1	\$35,000	3	\$535,000
UPS CAPITAL BUSINESS CREDIT	0	0	0	0
USU CHARTER FCU	0	0	0	0
UTAH CENTRAL CREDIT UNION	0	0	2	\$100,000
UTAH CERTIFIED DEVELOPMENT COMPANY	6	\$2,876,000	39	\$21,432,000
UTAH COMMUNITY FEDERAL CREDIT UNION	0	0	0	0
UTAH FIRST FCU	2	\$85,000	9	\$380,000
VECTRA BANK COLORADO, N.A.	1	\$100,000	3	\$175,000
WACHOVIA SBA LENDING, INC.	0	0	0	0
WASHINGTON MUTUAL BANK	0	0	0	0
WEBBANK	0	0	0	0
WELLS FARGO BANK, NATIONAL ASSOCIATION	3	\$197,600	24	\$6,288,100
ZIONS FIRST NATIONAL BANK	49	\$3,748,800	313	\$19,571,300
TOTALS	182	\$22,964,500	1066	\$133,049,100